This 2006 Annual Report of the Arizona State Library, Archives and Public Records (Library and Archives) covers June 30, 2005 to July 1, 2006, although events planned during that time, or closely related to work during the fiscal year, have been included for programmatic clarity.

Since there was no Library Board meeting held in 2006, we have followed the fiscal year, but have concentrated on events since the November 8, 2005 Library Board meeting. Several of the topics remain of critical interest to us, and therefore have separate updates: digital government, the Arizona Memory Project, and the planning and legislation relating to the Centennial.

The effort involving the Polly Rosenbaum State Archives and History Building continues to be a major part of our agency work. The most exciting benchmark for the Rosenbaum Building was the groundbreaking ceremony held September 20, 2006. We have included several pictures from that event (pages 22-23). More than 250 people attended the groundbreaking and the following ceremony unveiling the Supporter's Sculpture.

Highlights of Accomplishments

During FY 2006, Library and Archives led two national organizations. I completed a three-year term as President of the Chief Officers of State Library Agencies and Richard Pearce-Moses completed his term as President of the Society of American Archivists. Several other key staff provided state and regional leadership to other cultural organizations. For the second year, even though Library and Archives is a Legislative Agency, the Governor has recognized one of our staff members for excellence. Holly Henley of Library Development received the Governor's Commendation for her work with libraries, early literacy, school readiness programs and training.

Library and Archives was featured in a national leadership institute held at the University of Wisconsin, Madison designed to train future state library personnel. Arizona's Betsey Bayless was the keynote speaker, and several Arizona programs were used as models and case studies during the weeklong institute held in July 2006.

Perhaps the most startling statistic from the performance measures, included as part of this annual report, is the number of service deliveries provided. In 1998, Library and Archives could account for some 3 million services provided. In 2005-2006 more than 111 million times we helped people find information for their jobs, their education or for their lives. This is a composite number, but it clearly indicates the increase in Library and Archives performance for, and relevance to, the people of Arizona.

With the success of four Institute of Museum and Library Services national competitive grants, Library and Archives continues to be the most successful state library in the nation to win national library funds. Embodying our fourth goal of collaboration, many of Library and Archives successful ventures are in partnership with other Arizona and regional cultural institutions. Since 1997, Library and Archives has brought nearly $40

million back to Arizona cultural institutions. The Friends of Talking Books, the friends group for the Braille and Talking Book Library, completed their fundraising for a fully digital recording studio for the Braille and Talking Book Library. This multi-year effort involved several fund raisers and many of the patrons of the Talking Book services. We are very grateful for their interest and hard work. A full summary of all the grants and donations may be found on page 84.

The State Capitol Museum designed and installed three excellent exhibits and became an active partner with the Department of Veterans' Services to raise public awareness and financial assistance for the restoration and repair work needed by the USS Arizona Pearl Harbor Memorial.

The culmination of negotiation over many months was a partnership for statewide online information resources for all of Arizona. The Maricopa Library District, the Pima County Public Library and Library and Archives joined forces and funding to provide a collection of Web-based information sources for the entire state. Details of that successful collaboration may be found on page 30.

Additional accomplishments are detailed on pages 32-46.

Fiscal Challenges

Library and Archives is very grateful for the correction to our full time employee (FTE) count made during the 2005/6 Legislative Session. The additional FTE made it possible for Library and Archives to hire the Development Director approved in the preceding fiscal year budget. On behalf of all staff, we are grateful for the March 2006 staff raises appropriated by the Legislature and signed by the Governor.

From 2002 to 2006, we have experienced increased demand for our services by 51.3 percent (almost 38 million additional service deliveries). Despite the tremendous increase in demand for our services, we have struggled with the following challenges during the same period:
- funding reductions of 6 percent ($461,800 General Fund reduction),
- staffing reductions of 10 percent (13.3 FTE reduction), and
- general library material acquisition inflationary increases totaling 30.1 percent.

Unfortunately, these several factors have combined to make the fiscal situation for Library and Archives precarious.

In addition to expanded service needs and pre 2002 operating fund levels, Library and Archives faces specific inflation well above normal consumer averages.

In FY 2003, our agency general fund appropriation (excluding special line items) was to have been $7,728,700 at a time when we delivered 80,592,796 service contacts. After a budget reduction of almost $1.7 million to $6,057,300 in FY 2003, by FY 2007, our general fund appropriation has slightly increased to $6,792,200 with 111,179,347 service contacts in FY 2006. Each service contact is an individual or institution that obtained a service, information/fact, or assistance from one of our efforts. In FY 2006 our average cost per service contact was only 6.1 cents. (See attached charts pages

18-19: *General Fund Operating Appropriations and Performance Measures – Service Units*).

To help close the gap between the general fund appropriation and our operations needs, we raised funds through our statutory revenue streams and through grants. We have raised $39,803,813 in grant funds for our agency and for other Arizona cultural institutions since 1997.   In addition, we bring to Arizona approximately $3 million in federal funds and up to $4 million in library e-rate funds annually.

Although book, journal and online information purchase and subscription inflation has slowed (See attached charts pages 20-21: *Average Inflation for Purchase of General Library Periodicals and Average Inflation for Purchase of Library Legal Materials*), the acquisitions budget has not received an adjustment acquisitions since FY2005, when the Library received a $68,880 increase for the budget. The average inflation in non-legal library materials was 6.5% and the increase in law materials was 4.4% in 2005. The consumer price index for the same time period was only 1.3 % (Source: US Department of Labor Bureau of Labor Statistics, Oct 2006).

Unfortunately, the continued reduced funding combined with annual inflation adversely affects our ability to maintain our carefully reduced and painstakingly selected unique collections, let alone ensure availability of current legal materials. Out-of-date legal materials are useless. We are the Law Library for the Legislature, State agencies, and the public. The other major law libraries, especially the universities, primarily provide services to students and faculty. We are the ones who assist the public as an important part of our legal mandate.

The State Library's technology and copier maintenance costs in FY 2003 were approximately $62,000. Since that time, we have received no additional funds to cover those expenses. In FY 2008, those costs will increase to approximately $141,000. Additional funding is needed in order to pay increased costs for necessary maintenance agreements and costs.

Technology supports all we do and all of our services – it is critical infrastructure. Maintenance contracts must be maintained for the Library's technology equipment including computer hardware, software, photocopiers, and telephone systems. Software maintenance is necessary for SIRSI (online public catalog) and Marcive (federal documents catalog).

In addition, proposed increases in telephone service and Internet connectivity through ADOA's partnership with Accenture threaten to increase this burden.

Library and Archives FY 2008 Budget Request

The uncertainty of the completion of the Polly Rosenbaum State Archives and History Building has dictated a continuation budget request for Library and Archives, with one exception. The Braille and Talking Book Library has experienced serious repair and security issues.   It is located in a building not covered by the Department of Administration repair funds.   ADOA Risk Management did conduct a security assessment for Library and Archives following several physical assaults made on both staff and clients of the Braille and Talking Book Library. This is especially problematic

because this group of Library and Archive patrons are visually impaired and/or physically challenged; therefore they are vulnerable to being victimized. In addition, serious repairs are needed for safety and ergonomic issues.

I also request favorable consideration regarding continuation of the existing footnote permitting review of requests for expenditures in excess of appropriations from the Records Services Fund by the Joint Legislative Budget Committee.

Total new request: $35,300

Space and Service Challenges

Fiscal year 2006 was a challenging one for our Records Management Division (RMD). The year began with the Records Management Center (RMC) over capacity by 20,095 boxes. These excess boxes filled pallets crowding the Center's storage aisles, the loading dock and even the lobby.

The Records Center at the same time prepared for the transfer of extensive inactive inmate and inmate medical records to assist the Department of Corrections (DoC). While a cost savings for DoC, their records, although considered inactive, have more retrieval activity than other records. This increased RMC space problems and workload.

Library and Archives leased TOSS II [**T**emporary **O**ff-**S**ite **S**torage II] on August 8, 2005. Although the added space was essential, the problems of acquiring shelving and a sizeable influx of records compounded staff workload and work flow complexity issues. By October, 14,015 DOC boxes had been brought in.

Meanwhile, the Department of Water Resources transferred over 3,000 boxes in mid-November. By the end of December, half way through the fiscal year, RMD had received 1,256 more boxes than it had brought in for all of the previous fiscal year. The Board of Nursing sent about 500 boxes before March 1st because their building had been condemned, and they were forced to move in smaller quarters. Unfortunately, the Records Management Center, TOSS I (leased in 2001), and TOSS II are now nearly at or over storage capacity, and pallets of records fill every possible space.

At the end of January, the Attorney General's Office notified RMD that Arizona had joined a class action lawsuit on December 6, 2005. A complete agency records freeze had been issued in a document preservation directive issued to the Governor's Office, AHCCCS, Corrections, Juvenile Corrections, DHS, Veterans' Services, DES, DOA, DEMA, Perryville Prison, State Hospital, DHS - Behavior Health Services, all three universities, the UA - University Medical Center, Arizona Pioneer's Home, and the Attorney General's Office. Despite efforts to narrow down the focus of records needing to be frozen, no records were released from the freeze. By the end of the fiscal year, this freeze impacted 11,023 boxes of records stored in the Records Center that were otherwise eligible for destruction. When records cannot be destroyed in a timely manner, space problems increase.

At the end of the fiscal year in June, there was another significant records freeze from the Department of Revenue that impacted 5,239 boxes of records otherwise eligible for destruction. RMD ended the fiscal year with 237,161 boxes of records on inventory,

18,493 boxes over capacity, a plethora of backlog and cleanup, as well as records freeze procedures remaining to complete.

During this time period RMD experienced difficulty in attracting qualified candidates for several key positions. Nationwide there are insufficient trained records managers to meet the need, and Arizona salaries are not competitive.

The massive influx of records, move to TOSS II, and re-shifting of records took their toll on an already stretched operation, and retrievals and pickups began to be backlogged. Also, requests received from customers via e-mail were inadvertently blocked in an Internet problem and therefore not answered. Complaints about customer service began to rise, and the staff spent considerable time throughout the rest of the fiscal year meeting with unhappy customers to try to find ways to meet their needs.

Due to the technological obsolescence of the tracking system and the IT technician staff vacancy, RMD fell behind on scanning in about 5,000 boxes as they arrived. The staff also discovered that that there was about a 50% error rate on records descriptions and retention schedules found in the obsolete database and what were actual box contents, thereby slowing down the destruction processes. It was a combined technical problem (a records management system that had outlived its supportive structure) and poor quality agency records procedures. Agencies are responsible for what goes in each box and what is labeled. RMD staff must perform a more thorough, time consuming quality control check on boxes scheduled for destruction before the records can be actually destroyed. Agency staffs transferring records to RMC are now being carefully trained in boxing and description of records transferred.

Concurrent to this warehouse activity, RMD staff worked on completing the migration to a new software system, and catching up on retrievals, pickups and scanning boxes to prepare for the March 1st date of conversion. The staff received training on the O'Neil software, February 27-March 3. This software is different from the previous software, aRdocs, so staff needed to revise workflow, staff training and procedures.

The new software (O'Neil) offers new data entry capacities. New Web-based data entry was not implemented this fiscal year because of RMD workload issues.

There were also challenges with pick-ups for new boxes because the new system required new labels. Staff worked with agencies to provide them with new labels as quickly as possible, and held three stakeholder meetings for agencies affected by the database system change. Unfortunately, some of the seventy attendees were not able to inform others in their agency, so RMD fielded more complaints throughout the rest of the fiscal year from many agencies. As a more proactive approach, agencies were again contacted and given tailored training on the new way of doing business.

The Records Management Division reeled from challenges due to the tremendous growth of records to store and manage, a significant increase in retrievals, migration to a new software system, changing workflow processes, staff vacancies, turnover and training issues.

Library Board Motions 2005 - Update

The Library Board approved our FY 2006 Budget Request recommending consideration for these General fund increases:

Technology and Electronic Infrastructure $66,000
Acquisitions (book, online information, journals) $19,300
Unfunded Risk Management increases from FY 2004 to 2006 $15,900

None received favorable consideration in the appropriations process.

The Library Board requested that the FTE mistakenly omitted from the FY2005 budget be added, even though funding for the position was included. The Development Director position was added to the FY2007 budget.

A request for an increase in Records Services Funds authority was later withdrawn because Library and Archives had an avenue to request increases in authority from JLBC based on necessity.

The Library Board also approved a proposed fee schedule for Library and Archives to charge state agencies unwilling to fulfill their legal publications deposit requirement for the Library's collection and distribution. The legislation authorizing the fee and the discussions around the fee schedule proved motivational for state agencies. Library and Archives received a significantly higher initial compliance and an immediate positive response to requests for specific publications. The ability to charge non-complying agencies seems to have negated the fee charge activation.